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Department
for Education

Guidance

Pension supplementary fund and funding for local authority centrally employed teachers

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Introduction

The pension supplementary fund provides additional support alongside the teachers' pension employer contribution grant (TPECG), for the cost to schools due to the increase in the employer contribution rate to the Teachers' Pension Scheme from September 2019.

Local authorities can also apply for funding to cover the total cost due to the increase in contributions for centrally employed teachers that they employ directly.

This guidance covers payments for the period September 2019 to March 2020. We will publish guidance on payments for April 2020 onwards in due course.

Eligibility

There will be 2 separate application windows:

- the first window is for mainstream schools, which will be able to apply directly to the fund from 2nd December 2019 to 17th January 2020. If a school's TPECG allocation falls short of the cost increase for September 2019 to March 2020 by more than 0.05% of their budget, we will provide funding for costs above that threshold. Special units and resourced provision at mainstream schools should be considered as part of the application for the school
- the second window in April 2020 is for local authorities and non-maintained special schools (NMSS). Local authorities will be able to apply on behalf of the following specialist institutions in their area for which they have received a grant allocation:
 - maintained special schools
 - special academies and special free schools
 - pupil referral units
 - alternative provision academies and alternative provision free schools
 - hospital schools

If a local authority's total TPECG allocation for the above institutions falls short of their cost increase for September 2019 to March 2020 by more than 0.05% of their total budgets, we will provide funding for costs above that threshold.

If a local authority can demonstrate that their grant for the costs related to pupils with education, health and care (EHC) plans at independent schools is significantly short of an increase in fees directly driven by eligible pension costs, they should contact ESFA during the application window. The local authority will be expected to submit evidence from the school for review.

Local authorities will also be able to use the second window to apply for funding related to centrally employed teachers which they employ directly. Information on funding for other teachers at adult community learning providers can be found at [Teachers' pension scheme employer contribution grant: further education providers](#). We will publish information on the application process for other teachers at music education hubs in due course.

NMSS with a shortfall between their grant allocation and the increase in pension costs of more than 0.05% of their ESFA place funding and LA top-up funding should contact ESFA directly during the second application window.

Applications for schools

How we will calculate your payment

Schools are eligible for the fund if their grant allocation falls short of their actual pension cost increase by more than 0.05% of their overall budget for the period,

and we will provide funding for costs above that threshold.

We have published each school's pension grant allocation at Pension grant 2019 to 2020: allocations and supplementary fund.

Applications to the supplementary fund will use actual pension costs from the November 2019 pay bill. We are using November as an indicative month, as the best balance between an accurate representation of schools' pension costs and getting money to schools as early as possible.

We are including the following funding streams in our definition of overall budget:

For local authority maintained schools:

- the budget given to a school by their local authority for the 2019-20 financial year, as published in the authority pro-forma tool (APT), following de-delegation
- school sixth form funding: 2019-20 academic year funding allocations
- teachers' pay grant: 2019-20 financial year allocations

For academies:

- general annual grant (GAG) for the 2019-20 academic year, as published in the APT, including school sixth form funding and business rates
- teachers' pay grant: 2019-20 financial year allocations

As the TPECG payment in autumn 2019 is for the increase in pension costs from September 2019 to March 2020, we will calculate your payment from the supplementary fund by:

- deducting your TPECG allocation from the cost of the contribution rate increase (pro rated for 7 months) – this will give you any shortfall
- deducting the value of 0.05% of your overall budget (pro rated for 7 months) from the shortfall amount

Example calculation

- TPECG allocation (covers the 7 months September 2019 to March 2020) - £20,000
- increased costs over 12 months due to contribution rate increase - £37,500
- increased costs over 7 months due to the contribution rate increase - £22,000
- shortfall between allocation and 7-month cost - £2,000
- overall budget for 2019-20 - £860,000
- overall budget pro rated for 7 months - £500,000
- 0.05% of 7 month school budget - £250
- supplementary fund payment - £1,750

Mainstream school applications

The application window for mainstream schools will run from 2nd December 2019 to 17th January 2020. Schools can expect to receive payments in March 2020.

Maintained schools will apply directly, and multi-academy trusts will apply on behalf of their mainstream academies. Special and alternative provision academies will need to apply through their local authority in the second application window, as detailed below.

The online application form for your school will be pre-populated with your school's pension grant allocation, and, for schools except maintained nursery schools, your overall budget. Maintained nursery schools will need to provide their overall budget figure, signed off by their local authority.

The application form will ask schools to enter their actual pension costs from their November 2019 pay bill. We will conduct sample pay bill checks to confirm the accuracy of the information submitted.

New and growing schools

New and growing schools can apply for the supplementary fund in the same way as other schools. When we calculate allocations for new and growing schools in March 2020, we will take into account any funding allocated from the supplementary fund.

Example calculation

- October 2019 grant allocation - £20,000
- supplementary fund allocation - £3,000
- revised allocation using October 2019 census data - £25,000
- additional new and growing allocation - £2,000

Schools changing estate

The grant is allocated on the basis of the school's status as at 1 September. If a maintained school has become an academy since 1 September, the school's trust should submit an application on its behalf, but the budget figure used will be the budget from when the school was maintained.

If schools have merged after 1 September, the merged school should submit

individual applications for each school that received an allocation. The pension cost from the November pay bill should be split appropriately. ESFA reserves the right to ask for details of how the split was calculated.

If a school de-merges after 1 September, the schools should submit a single application as though still a single school, and provide a single combined total for the November 2019 pension costs. ESFA will contact the schools to agree how to split the supplementary funding due between the schools.

Specialist institutions

Local authorities will need to submit an application on behalf of all of their specialist institutions in the second application window, which will be open in April 2020.

We expect to make payments in June. Local authorities should support their specialist institutions with their costs in the meantime.

Having a later application window for local authorities allows time for specialist institutions to submit the information needed for the application to their local authority. This is the overall budget for each specialist institution and their actual pension costs for November 2019.

The overall budget should include place funding and top-up funding paid by local authorities. For academies, this should include place funding paid by ESFA.

As with the TPECG, ESFA will pay supplementary funding for specialist institutions to local authorities to distribute, according to local circumstance.

Multi-academy trust pooling

As the TPECG and supplementary fund are intended to support costs which are normally funded through the general annual grant (GAG), a multi-academy trust (MAT) should treat the grant in the same way as they would GAG, in accordance with the [Academies Financial Handbook](#). This means they may amalgamate grant payments for its academies to form one central fund, on the same basis as GAG. This can be used to meet the running costs at any constituent academies within the trust.

As with GAG pooling, we would expect the MAT to consider the funding needs and allocations of each constituent academy, and to have an appeals mechanism. An appeals mechanism should allow an academy to appeal to the trust if a constituent academy's principal feels the academy has been unfairly treated. If the grievance is not resolved, then we would expect the mechanism to include the

option of appealing to the Secretary of State, via ESFA, whose decision would be final.

To maintain parity with maintained schools, applications to the supplementary fund will use academies' published TPECG allocations, and their budget as defined above. Any redistribution of funds by the trust will not be taken into account. However, MATs will be able to take any redistribution into account by pooling supplementary fund payments.

Applications for centrally employed teachers

Local authorities will also be able to use the second application window to apply for funding to cover the total cost due to the increase in pension contributions, for centrally employed teachers which they employ directly. Local authorities will need to provide a copy of their pay bill to demonstrate their increased Teachers' Pension Scheme costs. This includes teachers directly employed by the local authority at music education hubs and adult community learning providers.

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